



Got Student Loans? The Unspoken Burden Of Student Loans

(NAPSA)—Shana will graduate this spring with a business degree and a ton of student loan debt. She's not alone; on average, today's college graduate will carry nearly \$30,000 of debt into the "real" world. Total student loan debt in the U.S. is now more than \$1.2 trillion and climbing at a time when the economy isn't helping much.

Many don't realize the wide-ranging impact of this debt; it's not just the students, it's also their co-signers. And it may be putting families in further financial jeopardy that they aren't aware of.

In fact, the average American family is already \$377,900 short of the amount needed to maintain its standard of living if the primary earner should die, reports Swiss Re, a global reinsurer. This amount represents the "protection gap" and it adds up to a staggering \$20 trillion in the U.S. alone.

A student loan payment is one more burden that a financially challenged family doesn't want to have to face. But it can become a reality, because private lenders don't forgive a student loan if the borrower should die before the loan is repaid. The co-signer—usually a parent—is then responsible.

April is Financial Literacy Month—a good time to think about securing your financial future. It can be challenging, but you can start by taking a few simple steps to put your family on firmer footing. One of those steps is ensuring a liability—such as a student loan—is taken care of regardless of what happens.

Taking out a life insurance policy and naming the loan co-signer as beneficiary ensures that the loan will be paid off in the event of the student's/graduate's death. You can purchase a \$100,000 life policy for \$8 to \$10 a month (the cost of a couple trips to the coffee shop). And the beneficiary can be changed at any time, if necessary.



Neil Sprackling, president of U.S. Life and Health at Swiss Re, urges millennials to obtain life insurance to protect loved ones from assuming their debt.

Admittedly, every penny counts for members of the "millennial" generation—80 million strong—who may be underprepared in this economy.

"Life insurance isn't top of mind with most millennials," says Neil Sprackling, president of U.S. Life and Health at Swiss Re. "Understandably, they're thinking about paying the rent and buying food and clothes, maybe a car. But for a very small investment, they can make sure their student loans are taken care of regardless of what may happen."

Shana's loans are with a private lender and are co-signed by her father. She and her parents reviewed the agreement to understand the financial consequences they would face if she were to die before the debt is repaid. It didn't take them long to realize that a small investment—a policy that costs as little as a few lattes each month—is a great value for the extra peace of mind.

Says Sprackling: "A life insurance policy won't help you pay your loans now, but it's a very responsible and thoughtful gift to your family."